

# TUPY - Global reference in castings

A free translation of the original in Portuguese



## 4Q15 Highlights

**Strong cash flow generation in a quarter with modest volumes.**

### Conference Call

**Date:** 03/04/2016

**English/Portuguese**

**12:00 PM (EST) / 02:00 PM (BRT)**

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- **Sales volume:** 117 thousand tons – 9.5% lower than 4Q14.
- **Revenues:** R\$872 million – 17% increase compared to same quarter in 2014.
- **Gross Profit:** R\$152 million – 17.5% margin on revenues, 0.4% lower than 4Q14.
- **Adjusted EBITDA:** R\$138 million – 1.3% decrease compared to 4Q14 and equivalent to 15.9% of revenues in 4Q15.
- **Net income:** R\$38 million – 4.3% on revenues, best result for the 4Q since 2011.
- **Investments:** R\$39 million, 32.2% decrease compared to 4Q14.

## SUMMARY OF RESULTS

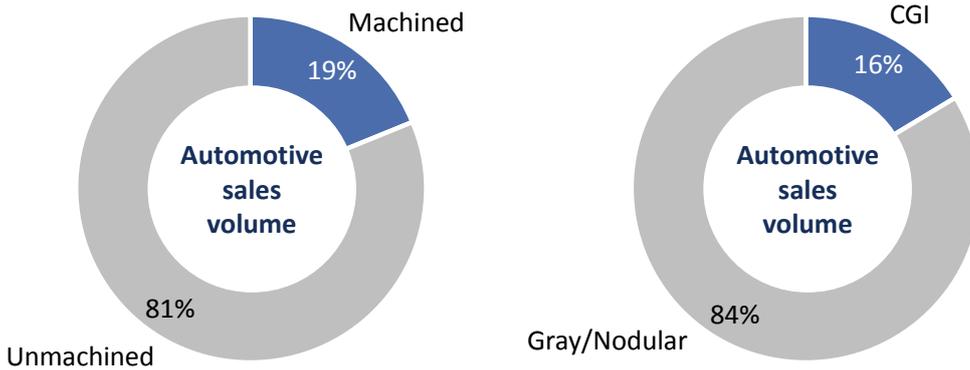
Consolidated (R\$ Thousand)						
SUMMARY	4Q15	4Q14	Var. [%]	2015	2014	Var. [%]
<b>Revenues</b>	<b>871,922</b>	<b>746,148</b>	<b>16.9%</b>	<b>3,426,996</b>	<b>3,114,661</b>	<b>10.0%</b>
Cost of goods sold	(719,586)	(593,262)	21.3%	(2,776,855)	(2,547,808)	9.0%
<b>Gross profit</b>	<b>152,336</b>	<b>152,886</b>	<b>-0.4%</b>	<b>650,141</b>	<b>566,853</b>	<b>14.7%</b>
<i>% on revenues</i>	17.5%	20.5%		19.0%	18.2%	
Operating expenses	(72,005)	(56,859)	26.6%	(255,720)	(225,884)	13.2%
Other net operating expenses	(10,478)	(64,451)	-83.7%	(72,200)	(136,067)	-46.9%
<b>Income before financial result</b>	<b>69,853</b>	<b>31,576</b>	<b>121.2%</b>	<b>322,221</b>	<b>204,902</b>	<b>57.3%</b>
<i>% on revenues</i>	8.0%	4.2%		9.4%	6.6%	
Net financial result	(22,273)	(8,687)		14,583	(37,697)	
<b>Net income before income taxes</b>	<b>47,580</b>	<b>22,889</b>	<b>107.9%</b>	<b>336,804</b>	<b>167,205</b>	<b>101.4%</b>
<i>% on revenues</i>	5.5%	3.1%		9.8%	5.4%	
Income tax and social contribution	(9,821)	(13,278)	-26.0%	(116,678)	(77,993)	49.6%
<b>Net income</b>	<b>37,759</b>	<b>9,611</b>	<b>292.9%</b>	<b>220,126</b>	<b>89,212</b>	<b>146.7%</b>
<i>% on revenues</i>	4.3%	1.3%		6.4%	2.9%	
<b>EBITDA (according to CVM 527/12 inst.)</b>	<b>146,309</b>	<b>163,200</b>	<b>-10.3%</b>	<b>598,201</b>	<b>503,043</b>	<b>18.9%</b>
<i>% on revenues</i>	16.8%	21.9%		17.5%	16.2%	
<b>Adjusted EBITDA</b>	<b>138,291</b>	<b>140,066</b>	<b>-1.3%</b>	<b>596,113</b>	<b>507,209</b>	<b>17.5%</b>
<i>% on revenues</i>	15.9%	18.8%		17.4%	16.3%	
<b>Average exchange rate (R\$/US\$)</b>	<b>3.871</b>	<b>2.554</b>	<b>51.6%</b>	<b>3.388</b>	<b>2.360</b>	<b>43.6%</b>
<b>Average exchange rate (R\$/EUR)</b>	<b>4.197</b>	<b>3.159</b>	<b>32.9%</b>	<b>3.736</b>	<b>3.111</b>	<b>20.1%</b>

**SALES VOLUME**

Consolidated (Tons)						
	4Q15	4Q14	Var. [%]	2015	2014	Var. [%]
<b>Domestic market</b>	<b>23,434</b>	<b>34,158</b>	<b>-31.4%</b>	<b>118,646</b>	<b>161,850</b>	<b>-26.7%</b>
Automotive	18,855	28,145	-33.0%	99,613	136,788	-27.2%
Hydraulics	4,579	6,013	-23.9%	19,033	25,062	-24.1%
<b>Foreign market</b>	<b>93,569</b>	<b>95,080</b>	<b>-1.6%</b>	<b>390,572</b>	<b>424,815</b>	<b>-8.1%</b>
Automotive	89,773	90,515	-0.8%	375,566	405,362	-7.4%
Hydraulics	3,796	4,565	-16.8%	15,006	19,453	-22.9%
<b>Total sales volume</b>	<b>117,003</b>	<b>129,238</b>	<b>-9.5%</b>	<b>509,218</b>	<b>586,665</b>	<b>-13.2%</b>

During 4Q15, sales volume fell by 9.5% compared to 4Q14, affected by the retraction in sales to the automotive segment in the domestic market, weaker global market for off-road machinery, and decline in sales of hydraulic products to both domestic and foreign markets. Those impacts were partly offset by positive performance in the passenger cars and light commercial vehicles segments, resulting from the sales of new products to the North American market.

The automotive product portfolio comprised of approximately 19% partly/fully machined products (vs. 17% in 4Q14). The sales distribution by alloy points to 16% of volume in CGI (Compacted Graphite Iron) (vs. 12% in 4Q14).



## REVENUES

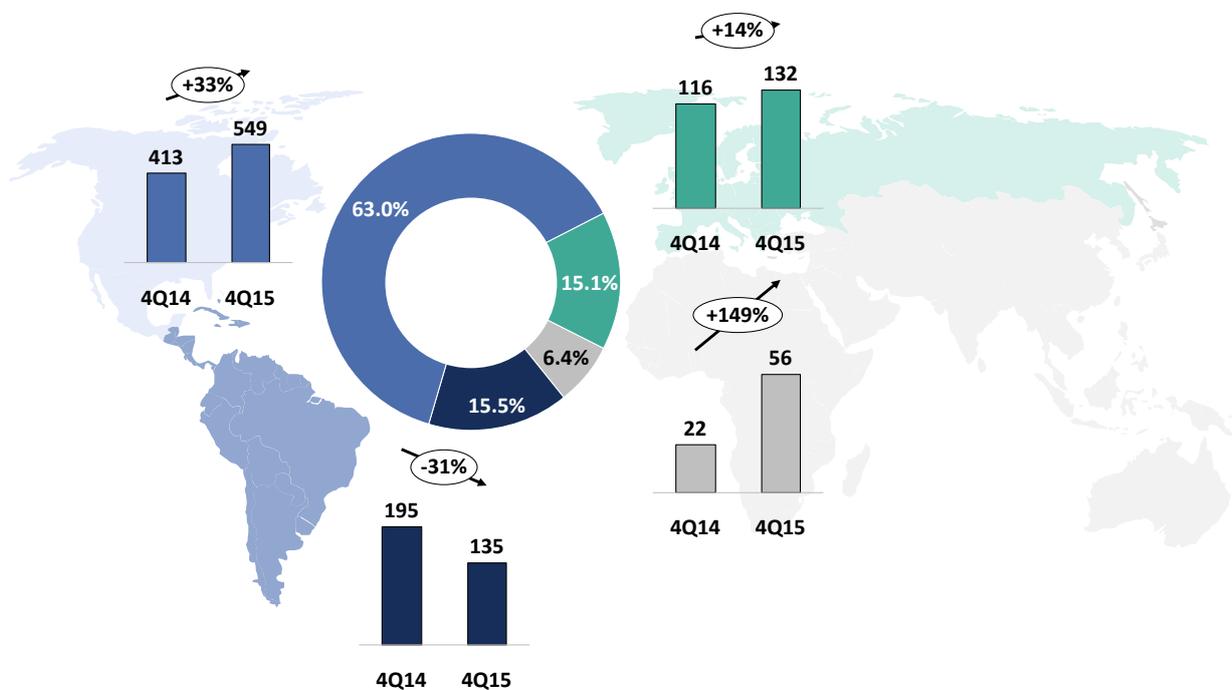
Revenues presented a 16.9% growth in comparison with 4Q14. As result of the sales volumes performance, revenues from the domestic market dropped 34.1%, being offset by a 33.8% growth in the foreign market revenues, which were positively affected by products ramp up and a 51.6% depreciation in the average foreign exchange ('FX') rate Real vs. US Dollar in 4Q15 (3.871 R\$/US\$), versus 4Q14 (2.554 R\$/US\$), and a 32.9% depreciation in the average foreign exchange ("FX") rate Real vs. Euro in 4Q15 (4.197 R\$/EUR), versus 4Q14 (3.159 R\$/EUR).

Consolidated (R\$ thousand)

	4Q15	4Q14	Var. [%]	2015	2014	Var. [%]
<b>Revenues by market</b>	<b>871,922</b>	<b>746,148</b>	<b>16.9%</b>	<b>3,426,996</b>	<b>3,114,661</b>	<b>10.0%</b>
Domestic market	122,929	186,480	-34.1%	621,655	852,732	-27.1%
% Share	14.1%	25.0%		18.1%	27.4%	
Foreign market	748,993	559,668	33.8%	2,805,341	2,261,929	24.0%
% Share	85.9%	75.0%		81.9%	72.6%	
<b>Revenues by segment</b>						
Automotive	818,021	681,555	20.0%	3,216,494	2,866,642	12.2%
% Share	93.8%	91.3%		93.9%	92.0%	
Hydraulics	53,901	64,593	-16.6%	210,502	248,019	-15.1%
% Share	6.2%	8.7%		6.1%	8.0%	

### Revenues by market and performance in the period

During 4Q15, North America was responsible for 63.0% of Tupy's revenues. In turn, South and Central America represented 15.5%, Europe accounted for 15.1% and the remaining 6.4% came from Asia, Africa and Oceania.

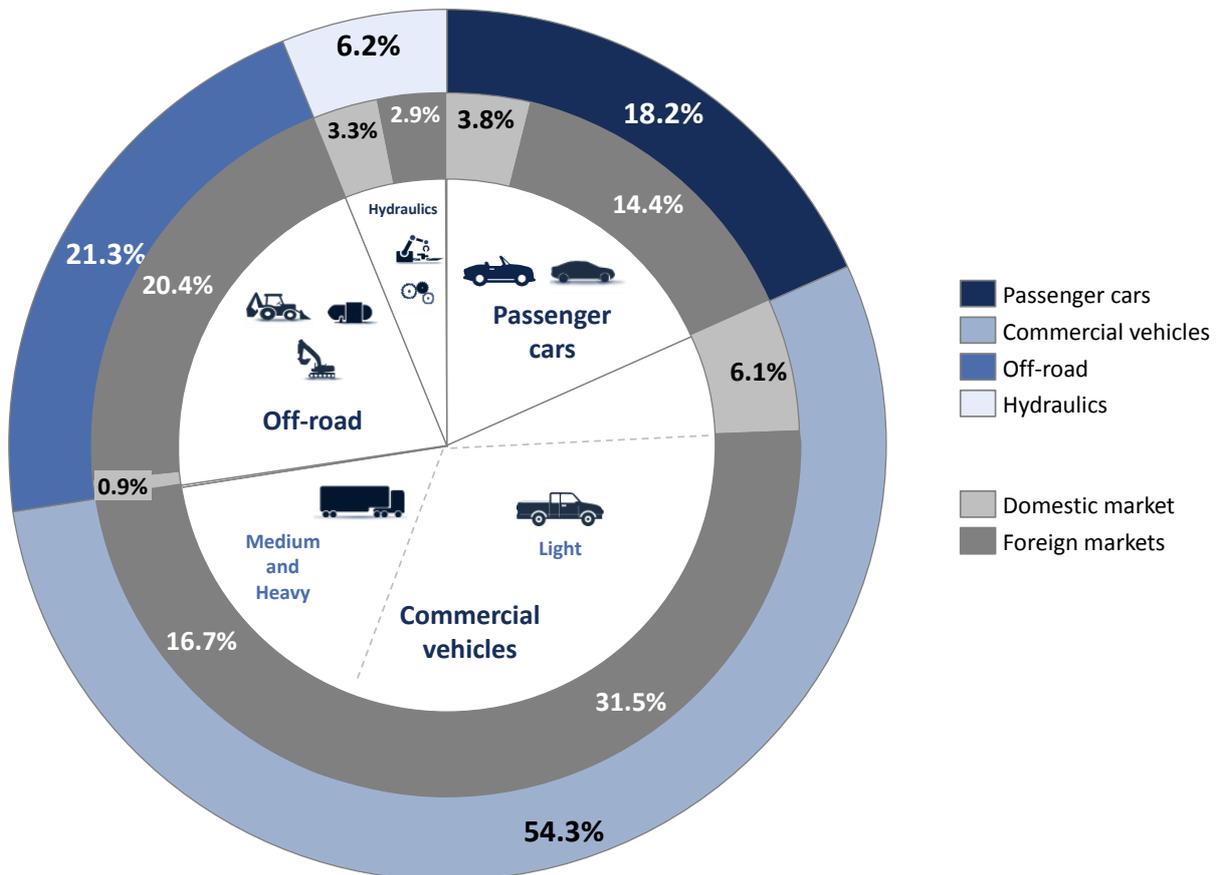


RELEASE

Consolidated (R\$ thousand)

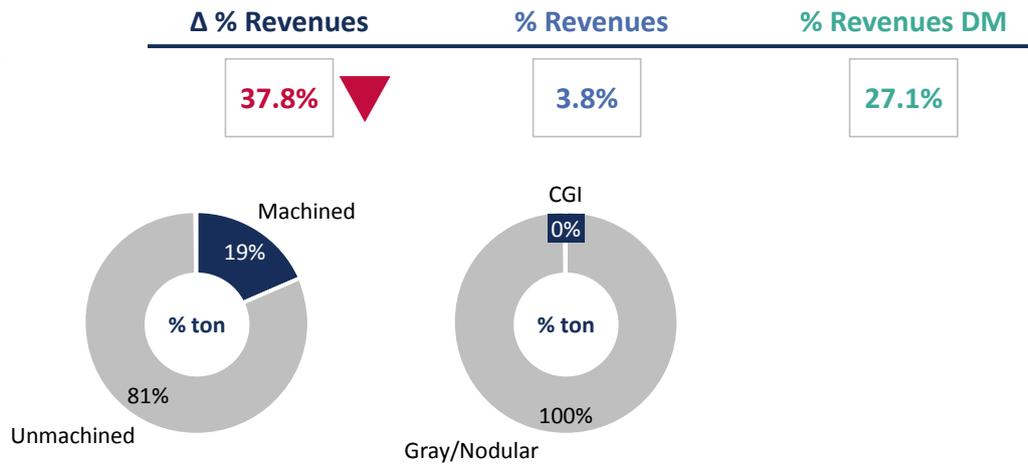
REVENUES BY MARKET AND APPLICATION	4Q15	4Q14	Var. [%]	2015	2014	Var. [%]
<b>Revenues</b>	<b>871,922</b>	<b>746,148</b>	<b>16.9%</b>	<b>3,426,996</b>	<b>3,114,661</b>	<b>10.0%</b>
<b>Domestic market</b>	<b>122,929</b>	<b>186,480</b>	<b>-34.1%</b>	<b>621,655</b>	<b>852,732</b>	<b>-27.1%</b>
<b>Automotive</b>	<b>94,534</b>	<b>143,061</b>	<b>-33.9%</b>	<b>494,998</b>	<b>687,286</b>	<b>-28.0%</b>
Passenger cars	33,300	53,545	-37.8%	181,908	247,778	-26.6%
Commercial vehicles	53,373	75,870	-29.7%	260,953	374,299	-30.3%
Off-road	7,862	13,646	-42.4%	52,137	65,209	-20.0%
<b>Hydraulics</b>	<b>28,395</b>	<b>43,419</b>	<b>-34.6%</b>	<b>126,657</b>	<b>165,446</b>	<b>-23.4%</b>
<b>Foreign market</b>	<b>748,993</b>	<b>559,668</b>	<b>33.8%</b>	<b>2,805,341</b>	<b>2,261,929</b>	<b>24.0%</b>
<b>Automotive</b>	<b>723,487</b>	<b>538,494</b>	<b>34.4%</b>	<b>2,721,496</b>	<b>2,179,356</b>	<b>24.9%</b>
Passenger cars	125,568	83,392	50.6%	472,406	317,678	48.7%
Light commercial vehicles	274,868	166,912	64.7%	964,006	673,157	43.2%
Medium and heavy commercial vehicles	145,295	96,737	50.2%	536,063	398,210	34.6%
Off-road	177,757	191,453	-7.2%	749,022	790,311	-5.2%
<b>Hydraulics</b>	<b>25,506</b>	<b>21,174</b>	<b>20.5%</b>	<b>83,845</b>	<b>82,573</b>	<b>1.5%</b>

In some cases, the same product is used in passenger and commercial vehicles, or off-road; therefore, it is not possible to measure their application precisely. Thus, we adopt assumptions of division between applications, considering our best inference.



**DOMESTIC MARKET (DM)**

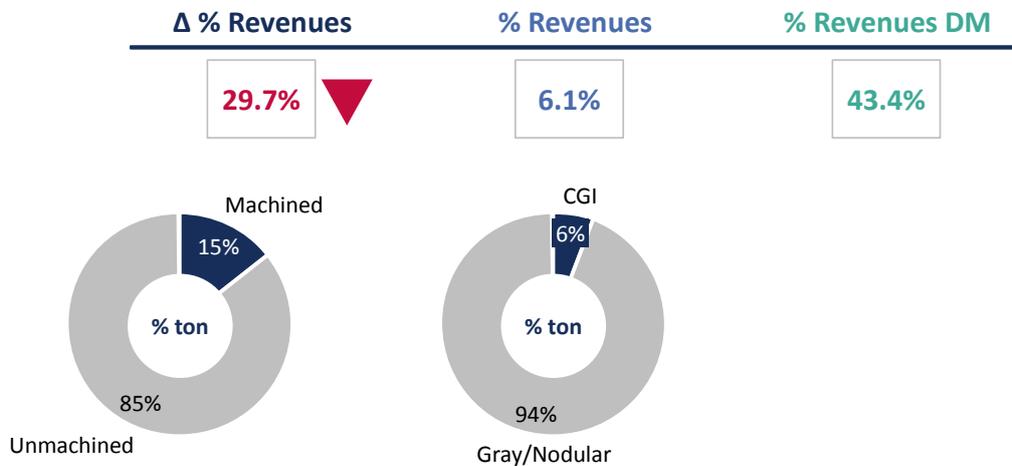
**Passenger cars**



Due to political instability and a deteriorated macroeconomic scenario, the Brazilian automotive market performed poorly, presenting large sales drop. As result, in order to adjust inventories to current level of demand, the OEMs kept production stoppages, reduced journeys, furloughs and voluntary resignation programs in place.

Adding to the negative scenario in the Brazilian automotive market, the technology shift in specific products to aluminum and the loss of market share by a client intensified the decline in revenues from sales of products applied in passenger cars (-37.8% vs. 4Q14)

**Commercial vehicles**



As result of the national economic recession, low international commodity prices and restrictive credit conditions, the demand for commercial vehicles declined once more in the quarter. As result, in order to adjust inventories to current level of demand, the OEMs kept production reduction measures in place.

As a consequence of the decline in truck production, revenues from automotive products sales with commercial vehicle applications which fell by 29.7% in 4Q15.

### Off-road



**Δ % Revenues**

**% Revenues**

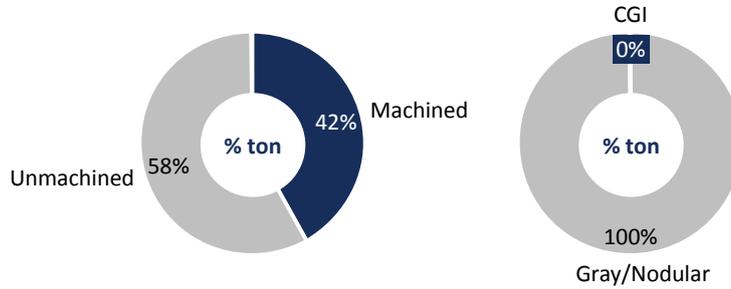
**% Revenues DM**

**42.4%**



**0.9%**

**6.4%**



Also as result of the national economic recession, low international commodity prices and restrictive credit conditions, the demand for heavy machinery was hurt in the quarter. Therefore, revenues from sales of products with off-road application declined by 42.4% in 4Q15.

### Hydraulics



**Δ % Revenues**

**% Revenues**

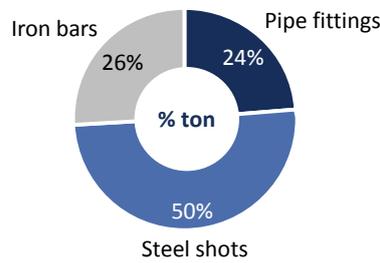
**% Revenues DM**

**34.6%**



**3.3%**

**23.1%**



In light of reduced investments in civil construction and infrastructure, as well as industrial activities, revenues from sales of hydraulics products presented a 34.6% drop in 4Q15.

**FOREIGN MARKETS (FM)**

**Passenger cars**



**Δ % Revenues**

**% Revenues**

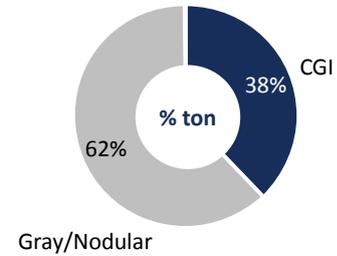
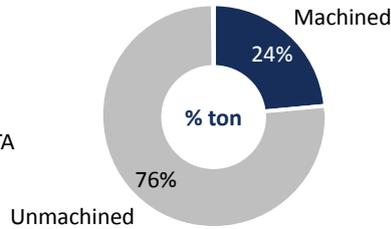
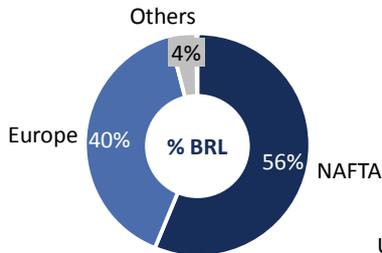
**% Revenues FM**

50.6%



14.4%

16.8%



Due to strong demand in the European market and product ramp-up in the North American market, revenues from the sales of automotive products with passenger car applications in foreign markets grew by 50.6% in 4Q15.

**Light commercial vehicles**



**Δ % Revenues**

**% Revenues**

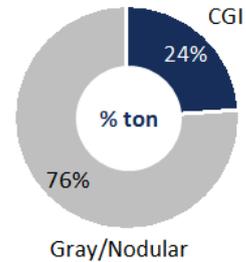
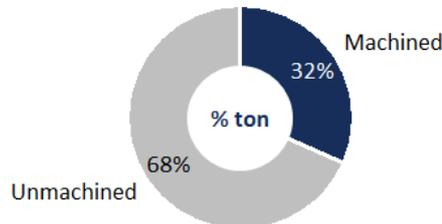
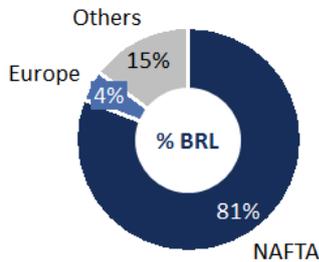
**% Revenues FM**

64.7%



31.5%

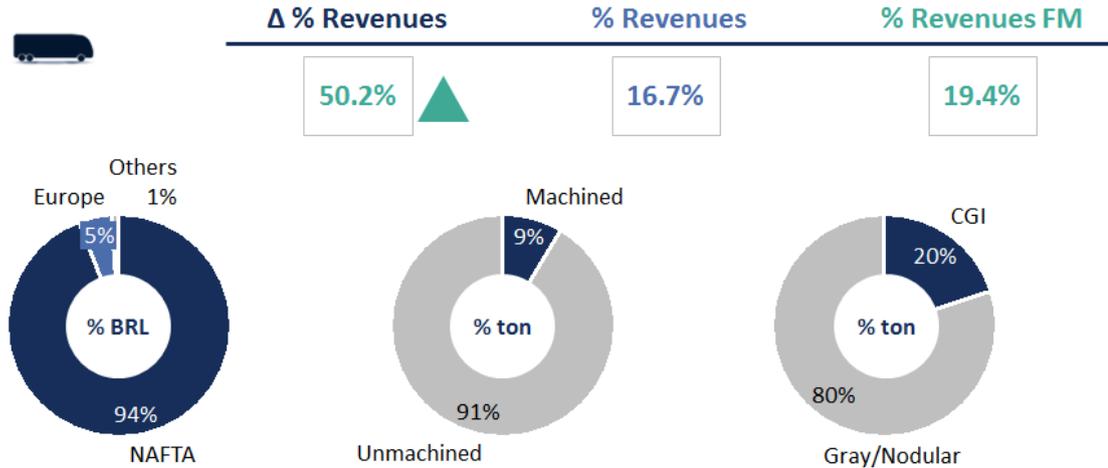
36.7%



The North American market presented a decent performance, propelled by positive labor market, income, credit availability indexes, as well as low fuel prices, stimulating migration from passenger cars to SUVs and pick-ups.

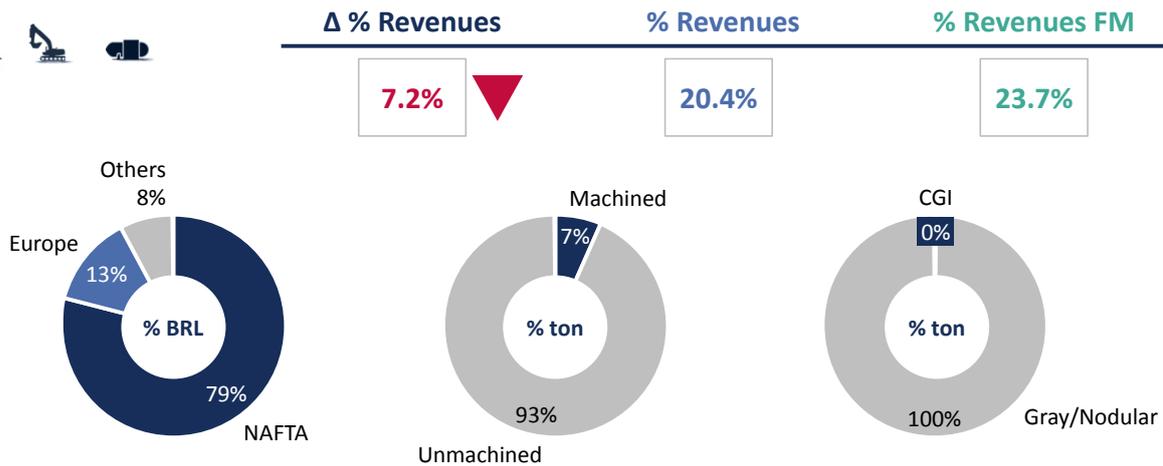
The heated demand and ramp up of high complexity CGI products led to a 64.7% increase in revenues from sales of automotive products for light commercial vehicles in foreign markets in 4Q15.

### Medium and heavy commercial vehicles



Despite the deceleration of super-heavy (class 8) trucks, the market for medium and heavy commercial vehicles ended 2015 in a solid shape, benefitted by economic growth in the United States. As result, and helped by inventory build-up by a client, revenues from sales of automotive products applied to medium and heavy commercial vehicles in foreign markets grew by 50.2% in 4Q15.

### Off-road



The Company’s off-road product portfolio is applied to sectors as diverse as agriculture, construction, mining, as well as power generation, maritime engines, amongst others. Low commodity prices – oil, iron ore, grains -, in addition to demand retraction and uncertainty related to the Chinese market led to decrease in heavy machinery investments. Due to the global economic context and weak performance in the sectors, revenues from sales of product applied in off-road machinery fell by 7.2% versus 4Q14.

Hydraulics



Δ % Revenues

% Revenues

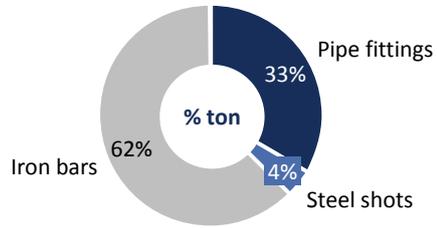
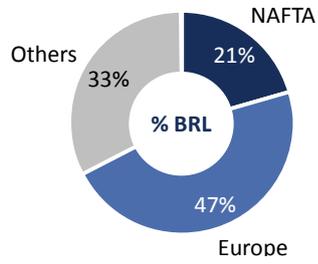
% Revenues FM

20.5%



2.9%

3.4%



During 4Q15, revenues from sales of hydraulic products grew 20.5%, result of increased sales to Europe.

## COST OF GOODS SOLD AND OPERATING EXPENSES

The cost of goods sold (COGS) in 4Q15 added up to R\$719.6 million, 21.3% higher than 4Q14. Consequently, the quarter registered a gross margin of 17.5%. Operating expenses reached R\$72.0 million, 26.6% higher than 4Q14.

Consolidated (R\$ thousand)						
	4Q15	4Q14	Var. [%]	2015	2014	Var. [%]
<b>Revenues</b>	<b>871,922</b>	<b>746,148</b>	<b>16.9%</b>	<b>3,426,996</b>	<b>3,114,661</b>	<b>10.0%</b>
<b>Cost of goods sold</b>	<b>(719,586)</b>	<b>(593,262)</b>	<b>21.3%</b>	<b>(2,776,855)</b>	<b>(2,547,808)</b>	<b>9.0%</b>
Raw material	(377,862)	(326,833)	15.6%	(1,439,475)	(1,404,351)	2.5%
Labor	(159,101)	(114,284)	39.2%	(598,189)	(531,613)	12.5%
Energy	(32,398)	(17,614)	83.9%	(162,982)	(106,069)	53.7%
Maintenance materials	(49,847)	(50,674)	-1.6%	(211,344)	(198,947)	6.2%
Profit sharing program	(15,389)	(12,413)	24.0%	(50,989)	(36,806)	38.5%
Depreciation	(54,076)	(43,189)	25.2%	(194,764)	(163,011)	19.5%
Others	(30,913)	(28,255)	9.4%	(119,112)	(107,011)	11.3%
<b>Gross profit</b>	<b>152,336</b>	<b>152,886</b>	<b>-0.4%</b>	<b>650,141</b>	<b>566,853</b>	<b>14.7%</b>
<i>% on revenues</i>	<i>17.5%</i>	<i>20.5%</i>		<i>19.0%</i>	<i>18.2%</i>	
<b>Operating expenses</b>	<b>(72,005)</b>	<b>(56,859)</b>	<b>26.6%</b>	<b>(255,720)</b>	<b>(225,884)</b>	<b>13.2%</b>

The 4Q15 COGS variation versus the same quarter of 2014 is explained below:

- Due to FX depreciation, partly offset by lower use of materials due to the reduced sales volume and input price decrease for some materials such as scrap steel, raw material costs grew 15.6%;
- Labor costs increased by 39.2% due to FX depreciation, collective bargaining - partly offset by a reduced labor force -, one-off staff termination expenses, and reduced dilution of fixed costs during production stoppages in the quarter related to inventory reduction;
- Energy costs grew 89.3% in 4Q15. The increase is related to reduced sales of excess energy capacity in the spot market (-R\$13.5 million vs. 4Q14); FX depreciation; and, hike in energy generation and distribution costs in Brazil;
- Maintenance costs fell 16%, resulting from deceleration of production and sales in 4Q15;
- Profit sharing costs ("PSP") went up by 24.0% and reflect adjustment in PSP provisions in Mexico and better operating result in 2015;
- The increasing in non-cash costs with depreciation (+25.2%) is due to FX depreciation;
- Other costs grew by 9.4% also due to FX depreciation.

The 26.6% increase in operating expenses is mostly due to FX depreciation effects on expenses from foreign units.

## OTHER NET OPERATING EXPENSES

Net operating expenses reached R\$10.5 million in 4Q15, 83.7% decrease compared to 4Q14.

Consolidated (R\$ thousand)						
	4Q15	4Q14	Var. [%]	2015	2014	Var. [%]
Depreciation of non-operating assets	(397)	(601)	-33.9%	(2,099)	(1,952)	7.5%
Amortization of intangible assets	(18,099)	(86,984)	-79.2%	(72,189)	(129,949)	-44.4%
Other	8,018	23,134	-65.3%	2,088	(4,166)	
<b>Other net operating expenses</b>	<b>(10,478)</b>	<b>(64,451)</b>	<b>-83.7%</b>	<b>(72,200)</b>	<b>(136,067)</b>	<b>-46.9%</b>

In Dec/14, the Company carried out an impairment of intangible assets relating to contractual customer relationship amounting to R\$ 71.1 million, due to decrease in the demand for products used in mining and agricultural machinery, which are produced in Mexico. The 2015 annual impairment test did not detect the need for further write down, resulting in a non-recurrence of this expense.

## NET FINANCIAL RESULT

During 4Q15, the Company registered a net financial expense of R\$22.3 million, versus R\$8.7 million in 4Q14.

Consolidated (R\$ thousand)						
	4Q15	4Q14	Var. [%]	2015	2014	Var. [%]
Financial expenses	(39,415)	(35,509)	11.0%	(149,248)	(131,443)	13.5%
Financial income	20,845	19,238	8.4%	107,858	86,601	24.5%
Net exchange variation	(3,703)	7,584		55,973	7,145	683.4%
<b>Net financial result</b>	<b>(22,273)</b>	<b>(8,687)</b>	<b>156.4%</b>	<b>14,583</b>	<b>(37,697)</b>	

The worsening of the net financial result is due to the reversion of the net foreign exchange variations result.

The negative result from net foreign exchange variations (R\$3.7 million) is due to the effect of the appreciation of the Real versus the Dollar during 4Q15 (from 3.973 R\$/US\$ in sept/15, to 3.905 R\$/US\$ in dec/15) on the net balance sheet exposure to such effects.

## NET INCOME BEFORE TAXES AND NET INCOME

Due to the aforementioned factors, the net income before taxes in 4Q15 was R\$47.6 million, 107.9% increase over 4Q14.

Consolidated (R\$ thousand)						
	4Q15	4Q14	Var. [%]	2015	2014	Var. [%]
<b>Net income before income taxes</b>	<b>47,580</b>	<b>22,889</b>	<b>107.9%</b>	<b>336,804</b>	<b>167,205</b>	<b>101.4%</b>
Tax effects before foreign exchange impacts	(5,669)	9,452		(83,772)	(49,521)	69.2%
<i>Tax rates before foreign exchange effects</i>	<i>-12%</i>	<i>41%</i>		<i>-25%</i>	<i>-30%</i>	
<b>Net income before foreign exchange effects on tax base</b>	<b>41,911</b>	<b>32,341</b>	<b>29.6%</b>	<b>253,032</b>	<b>117,684</b>	<b>115.0%</b>
Foreign exchange effects on tax base	(4,152)	(22,730)	-81.7%	(32,906)	(28,472)	15.6%
<b>Net income</b>	<b>37,759</b>	<b>9,611</b>	<b>292.9%</b>	<b>220,126</b>	<b>89,212</b>	<b>146.7%</b>
<i>% on revenues</i>	<i>4.3%</i>	<i>1.3%</i>		<i>6.4%</i>	<i>2.9%</i>	

The company recorded R\$5.7 million in expenses with income tax and social contribution before foreign exchange variation on the tax base in 4Q15, a 12% tax rate.

The deferred income tax of the Mexican plants is calculated in Mexican pesos. In the translation into the functional currency (U.S. dollar), a decrease of R\$4.1 million was recorded due to the 2.7% depreciation of the Mexican Peso against the U.S. Dollar (going from MXN 16.906/US\$ in Sept/15 to MXN 17.362/US\$ in Dec/15).

Net income arising from the previously mentioned effects amounted to a profit of R\$37.8 million, 292.9% higher than that recorded in 4Q14, best net income recorded by the Company for the 4Q since 2011, and representing a margin of 4.3% on revenues.

## ADJUSTED EBITDA

The combination of the aforementioned factors resulted in an adjusted EBITDA of R\$138.5 million in 4Q15, equivalent to a 1.3% decrease when compared to 4Q14 and a 15.9% margin on revenues.

Consolidated (R\$ thousand)						
RECONCILIATION OF NET INCOME TO ADJUSTED EBITDA	4T15	4T14	Var. [%]	2015	2014	Var. [%]
<b>Net income</b>	<b>37,759</b>	<b>9,611</b>	<b>292.9%</b>	<b>220,126</b>	<b>89,212</b>	<b>146.7%</b>
(+) Net financial result	22,273	8,687	156.4%	(14,583)	37,697	-138.7%
(+) Income tax and social contribution	9,821	13,278	-26.0%	116,678	77,993	49.6%
(+) Depreciation and amortization	76,456	131,624	-41.9%	275,980	298,141	-7.4%
<b>EBITDA (according to CVM 527/12)</b>	<b>146,309</b>	<b>163,200</b>	<b>-10.3%</b>	<b>598,201</b>	<b>503,043</b>	<b>18.9%</b>
% on revenues	16.8%	21.9%		17.5%	16.2%	
(+) Other net operating expenses*	(8,018)	(23,134)	-65.3%	(2,088)	4,166	-150.1%
<b>Adjusted EBITDA</b>	<b>138,291</b>	<b>140,066</b>	<b>-1.3%</b>	<b>596,113</b>	<b>507,209</b>	<b>17.5%</b>
% on revenues	15.9%	18.8%		17.4%	16.3%	

(\*) Other net operating expenses are presented net of amortization and depreciation expenses.

## INVESTMENTS IN PP&E AND INTANGIBLE ASSETS

Total investments in PP&E and intangible assets in 4Q15 reached R\$38.8 million. The main investments during the quarter were the transfer of a machining line to Mexico, workplace safety, capitalization of the stabilization phase of the new ERP, which implementation was concluded in Jul/15. The reduction in investments (-28.7% in 2015 vs. 2014) is in line with the Company's strategy to rationalize the use of its asset base and profitability improvement goals.

Consolidated (R\$ thousand)						
	4Q15	4Q14	Var. [%]	2015	2014	Var. [%]
<b>PP&amp;E</b>						
Strategic investments	4,319	15,278	-71.7%	42,931	84,364	-49.1%
Maintenance and sustenance	29,555	29,023	1.8%	79,364	85,311	-7.0%
Environment	869	6,132	-85.8%	11,718	21,173	-44.7%
Interest and financial expenses	1,503	218	589.4%	3,388	1,043	224.8%
<b>Intangible assets</b>						
Software	2,591	6,620	-60.9%	18,344	26,545	-30.9%
<b>Total</b>	<b>38,837</b>	<b>57,271</b>	<b>-32.2%</b>	<b>155,745</b>	<b>218,436</b>	<b>-28.7%</b>

## WORKING CAPITAL

(Consolidated R\$ thousand)

	4Q15	3Q15	2Q15
<b>Balance Sheet</b>			
Accounts receivable	542,099	608,584	523,255
Inventories	388,248	456,529	474,008
Accounts payable	295,080	309,021	288,517
<b>Cash Flow variation</b>			
Accounts receivable	57,283	(5,505)	(3,597)
Inventories	58,555	45,375	(5,464)
Accounts payable	(6,627)	(8,855)	(23,639)
Days Sales Outstanding [days]	58	67	59
Days Inventories Outstanding [days]	51	63	66
Days Payable Outstanding [days]	40	43	40
<b>Cash conversion cycle [days]</b>	<b>69</b>	<b>87</b>	<b>85</b>

During 4Q15, the main working capital lines behaved as follows:

- Due to FX appreciation in the quarter with effect on sales to foreign markets, and reduction in accounts receivable in the domestic market, accounts receivable were reduced by R\$66.5 million (-9 days);
- Continuing the destocking process after the implementation of the new ERP system, and affected by lower demand in the domestic market, the Company slowed production down and granted furloughs its Brazilian units. In addition to the appreciation of the Real, the aforementioned process led to reduction of inventory levels (-68.3 million, -12 days). The Company has not reached its normalized inventory level yet and should further implement measures in this sense;
- Still due to FX appreciation, accounts payable fell R\$13.9 million (-3 days).

## CASH FLOW

Consolidated (R\$ thousand)

CASH FLOW SUMMARY	4Q15	4Q14	Var. [%]	2015	2014	Var. [%]
Cash and cash equivalents at the beginning of the period	1,304,261	1,335,555	-2.3%	1,336,916	1,123,446	19.0%
Cash flow from operating activities	214,079	102,319	109.2%	490,825	300,500	63.3%
Cash flow from investment activities	(42,202)	(45,830)	-7.9%	(158,542)	(210,109)	-24.5%
Cash flow from financing activities	72,969	(81,783)		(338,216)	96,598	
Effect of exchange variation on cash	(24,485)	26,655		193,639	26,481	631.2%
<b>Increase (decrease) in cash</b>	<b>220,361</b>	<b>1,361</b>	<b>16091.1%</b>	<b>187,706</b>	<b>213,470</b>	<b>-12.1%</b>
Cash and cash equivalents at the end of the period	1,524,622	1,336,916	14.0%	1,524,622	1,336,916	14.0%

The Company generated R\$214.1 million in cash from operations in 4Q15, versus R\$102.3 million in 4Q14. The improvement is mainly due to the increase in the net income before taxes, and significant improvement of working capital, especially accounts receivable and inventories.

As for the investment activities, the R\$42.2 million cash outflow was related to additions to PP&E and intangible assets.

As for the financing activities, during 4Q15 R\$73.0 million were generated due to the rolling over of maturing loans and raising of new Export Credit Notes (NCE).

The combination of these factors, in addition the foreign exchange effects on the Company's cash, resulted in a R\$220.4 million increase in cash and cash equivalents in the period, reaching R\$1,524.6 million.

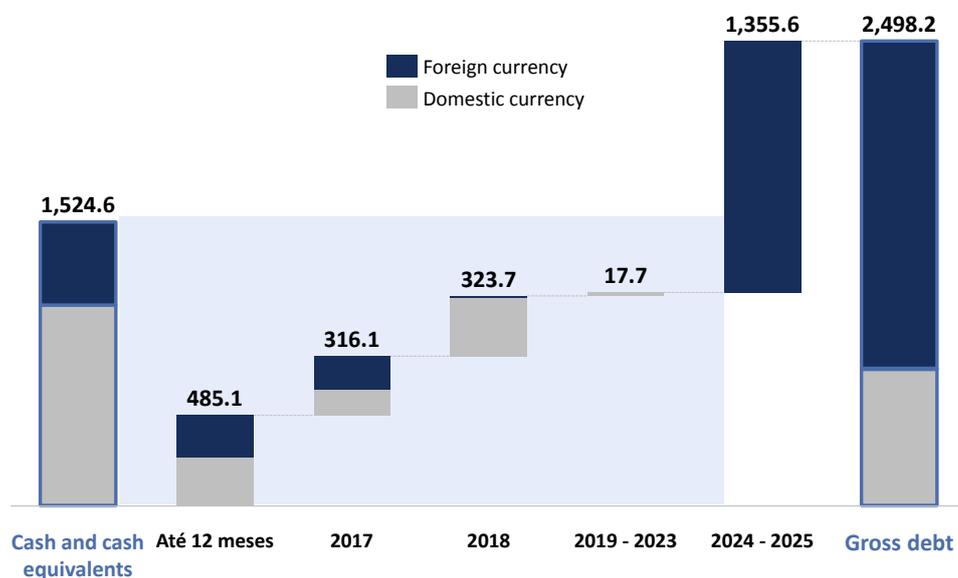
## INDEBTEDNESS

The Company ended 2015 with a net debt of R\$962.1 million, which results in an index of 1.61x net debt/adjusted EBITDA. The decrease in net leverage is mostly due to the strong cash flow generation in the quarter. The breakdown of the debt is: foreign currency debt 71% of total debt (13% short-term debt; 87% long-term), while 29% of debt is denominated in Brazilian Real (35% short-term; 65% long-term).

Consolidated (R\$ thousand)

INDEBTEDNESS	4Q15	3Q15	2Q15
Short term	485,101	578,228	754,226
Long term	2,013,145	1,863,557	1,515,716
<b>Gross debt</b>	<b>2,498,246</b>	<b>2,441,785</b>	<b>2,269,942</b>
Cash and cash equivalents	1,524,622	1,304,261	1,367,837
Financial investments	11,484	11,195	10,876
<b>Net debt</b>	<b>962,140</b>	<b>1,126,329</b>	<b>891,229</b>
Gross debt/LTM adjusted EBITDA	4.19x	4.08x	3.89x
<b>Net debt/LTM adjusted EBITDA</b>	<b>1.61x</b>	<b>1.88x</b>	<b>1.53x</b>

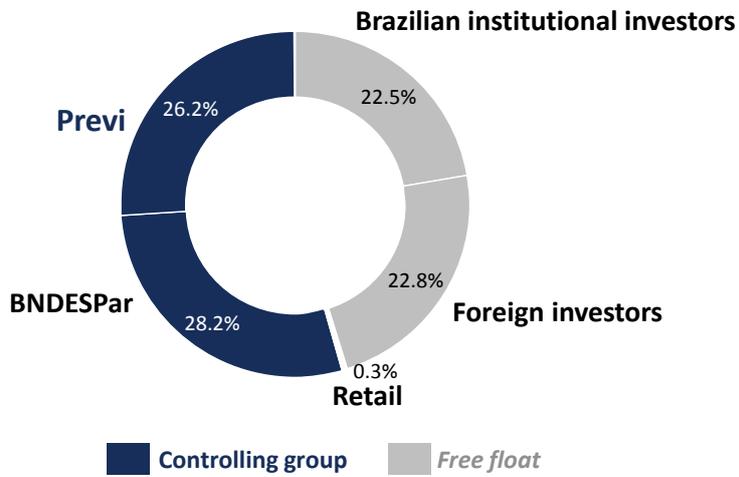
The current indebtedness profile is as follows:



All amounts in R\$ million. (\*) Does not include short term debt.

**SHAREHOLDER STRUCTURE**

The shareholding structure at December 31, 2015 was distributed as follows:



Our Company is subject to the rules of the Market Arbitration Panel of the Novo Mercado, pursuant to article 60 of our Bylaws.

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## Attachment I – Light vehicles production and sales in Brazil

(Units)

<b>Production</b>	<b>4Q15</b>	<b>4Q14</b>	<b>Var. (%)</b>	<b>2015</b>	<b>2014</b>	<b>Var. (%)</b>
<b>Production</b>						
Passenger cars	438,211	609,506	-28.1%	2,018,954	2,502,293	-19.3%
Light commercial	67,302	119,662	-43.8%	314,949	471,191	-33.2%
<b>Light vehicles</b>	<b>505,513</b>	<b>729,168</b>	<b>-30.7%</b>	<b>2,333,903</b>	<b>2,973,484</b>	<b>-21.5%</b>
<b>Sales</b>						
Passenger cars	442,655	648,495	-31.7%	1,786,956	2,289,395	-21.9%
Light commercial	58,002	115,491	-49.8%	280,654	429,148	-34.6%
<b>Light vehicles</b>	<b>500,657</b>	<b>763,986</b>	<b>-34.5%</b>	<b>2,067,610</b>	<b>2,718,543</b>	<b>-23.9%</b>
<b>Exports</b>						
Passenger cars	91,065	58,701	55.1%	316,531	263,604	20.1%
Light commercial	23,849	8,689	174.5%	72,230	46,270	56.1%
<b>Light vehicles</b>	<b>114,914</b>	<b>67,390</b>	<b>70.5%</b>	<b>388,761</b>	<b>309,874</b>	<b>25.5%</b>

Source: ANFAVEA.

## Attachment II – Commercial vehicles production and sales in Brazil

(Units)

	4Q15	4Q14	Var. (%)	2015	2014	Var. (%)
<b>Production</b>						
<b>Trucks</b>						
Semi-light	500	499	0.2%	1,803	2,225	-19.0%
Light	4,626	5,168	-10.5%	20,129	27,875	-27.8%
Medium	913	1,528	-40.2%	4,345	8,291	-47.6%
Semi-heavy	4,070	10,082	-59.6%	26,848	50,474	-46.8%
Heavy	4,622	10,599	-56.4%	20,937	51,100	-59.0%
<b>Total trucks</b>	<b>14,731</b>	<b>27,876</b>	<b>-47.2%</b>	<b>74,062</b>	<b>139,965</b>	<b>-47.1%</b>
Buses	2,818	5,143	-45.2%	21,498	32,937	-34.7%
<b>Commercial vehicles</b>	<b>17,549</b>	<b>33,019</b>	<b>-46.9%</b>	<b>95,560</b>	<b>172,902</b>	<b>-44.7%</b>
<b>Sales</b>						
<b>Trucks</b>						
Semi-light	538	844	-36.3%	2,566	2,356	8.9%
Light	4,149	9,025	-54.0%	19,277	28,624	-32.7%
Medium	1,501	3,151	-52.4%	6,964	11,695	-40.5%
Semi-heavy	4,827	12,303	-60.8%	22,917	45,231	-49.3%
Heavy	4,735	12,325	-61.6%	18,502	47,092	-60.7%
<b>Total trucks</b>	<b>15,750</b>	<b>37,648</b>	<b>-58.2%</b>	<b>70,226</b>	<b>134,998</b>	<b>-48.0%</b>
Buses	3,068	7,528	-59.2%	16,782	27,474	-38.9%
<b>Commercial vehicles</b>	<b>18,818</b>	<b>45,176</b>	<b>-58.3%</b>	<b>128,427</b>	<b>254,795</b>	<b>-49.6%</b>
<b>Exports</b>						
<b>Trucks</b>						
Semi-light	427	251	70.1%	1,661	1,066	55.8%
Light	1,171	710	64.9%	4,237	3,981	6.4%
Medium	204	218	-6.4%	908	1,244	-27.0%
Semi-heavy	1,454	890	63.4%	6,368	4,742	34.3%
Heavy	2,241	1,726	29.8%	7,695	6,704	14.8%
<b>Total trucks</b>	<b>5,497</b>	<b>3,795</b>	<b>44.8%</b>	<b>20,869</b>	<b>17,737</b>	<b>17.7%</b>
Buses	2,107	1,727	22.0%	7,325	6,608	10.9%
<b>Commercial vehicles</b>	<b>7,604</b>	<b>5,522</b>	<b>37.7%</b>	<b>42,257</b>	<b>35,791</b>	<b>18.1%</b>

Source: ANFAVEA

## Attachment III – Production and sales of light and commercial vehicles in foreign markets

(Units)

	4Q15	4Q14	Var. (%)	2015	2014	Var. (%)
<b>North America</b>						
<b>Production/factory shipments</b>						
Passenger cars	1,631,196	1,787,415	-8.7%	7,035,514	7,170,314	-1.9%
Light commercial vehicles – Class 1-3	2,636,465	2,423,025	8.8%	10,621,771	9,921,351	7.1%
Light Duty - Class 4-5	15,405	11,177	37.8%	55,809	47,210	18.2%
Medium Duty - Class 6-7	30,113	31,750	-5.2%	129,902	130,197	-0.2%
Heavy Duty - Class 8	70,615	78,674	-10.2%	315,552	294,962	7.0%
<b>United States</b>						
<b>Sales</b>						
Passenger cars	1,772,905	1,824,648	-2.8%	7,572,662	7,749,432	-2.3%
Light commercial vehicles – Class 1-3	2,644,470	2,265,807	16.7%	9,897,997	8,773,231	12.8%
Light Duty - Class 4-5	32,540	28,624	13.7%	114,618	108,511	5.6%
Medium Duty - Class 6-7	30,657	26,325	16.5%	113,920	105,771	7.7%
Heavy Duty - Class 8	59,278	62,146	-4.6%	248,890	220,517	12.9%
<b>Europe</b>						
<b>Sales</b>						
Passenger cars	3,425,358	3,101,020	10.5%	14,202,024	13,006,885	9.2%

Sources: Automotive News; Bloomberg; ACEA.

## Attachment IV – Production and sales of agricultural machinery in global markets

(Units)

	4Q15	4Q14	Var. (%)	2015	2014	Var. (%)
<b>Production</b>						
<b>Americas</b>						
Brazil	9,620	17,873	-46.2%	55,281	82,318	-32.8%
<b>Sales</b>						
<b>Americas</b>						
Brazil	8,066	16,051	-49.7%	44,944	68,609	-34.5%
United States and Canada	54,677	58,122	-5.9%	236,511	246,260	-4.0%
<b>Europe</b>						
Germany	7,990	9,842	-18.8%	38,337	41,967	-8.6%
France	11,624	10,071	15.4%	33,828	33,234	1.8%
United Kingdom	2,050	1,880	9.0%	10,842	12,433	-12.8%
Russia <sup>1</sup>	3,649	6,143	-40.6%	24,756	39,632	-37.5%

Sources: ANFAVEA; AEM; AEA; Bloomberg.

<sup>1</sup>Note: Data until November 2014/15

## Attachment V – Income statement

[BRL thousand]	4Q15	4Q14	% Change	2015	2014	% Change
<b>Sales volume [kton]</b>	<b>117,003</b>	<b>129,238</b>	<b>-9%</b>	<b>509,218</b>	<b>586,665</b>	<b>-13%</b>
Domestic market	23,434	34,158	-31%	118,646	161,850	-27%
Foreign market	93,569	95,080	-2%	390,572	424,815	-8%
<b>Revenues</b>	<b>871,922</b>	<b>746,148</b>	<b>17%</b>	<b>3,426,996</b>	<b>3,114,661</b>	<b>10%</b>
Domestic market	122,929	186,480	-34%	621,655	852,732	-27%
Foreign market	748,993	559,668	34%	2,805,341	2,261,929	24%
<b>COGS</b>	<b>(719,586)</b>	<b>(593,262)</b>	<b>21%</b>	<b>(2,776,855)</b>	<b>(2,547,808)</b>	<b>9%</b>
<b>Gross profit</b>	<b>152,336</b>	<b>152,886</b>	<b>0%</b>	<b>650,141</b>	<b>566,853</b>	<b>15%</b>
<i>% on revenues</i>	<i>17.5%</i>	<i>20.5%</i>	<i>-3.0 p.p.</i>	<i>19.0%</i>	<i>18.2%</i>	<i>0.8 p.p.</i>
Sales expenses	(34,236)	(30,058)	14%	(131,226)	(124,058)	6%
Administrative expenses	(33,774)	(24,332)	39%	(111,530)	(92,322)	21%
Management compensation	(3,995)	(2,469)	62%	(12,964)	(9,504)	36%
Other net operating expenses	(10,478)	(64,451)	-84%	(72,200)	(136,067)	-47%
<b>Net income before financial results and income taxes</b>	<b>69,853</b>	<b>31,576</b>	<b>121%</b>	<b>322,221</b>	<b>204,902</b>	<b>57%</b>
<i>% on revenues</i>	<i>8.0%</i>	<i>4.2%</i>	<i>3.8 p.p.</i>	<i>9.4%</i>	<i>6.6%</i>	<i>2.8 p.p.</i>
Financial expenses	(39,415)	(34,286)	15%	(149,248)	(131,443)	14%
Financial revenues	20,845	19,238	8%	107,858	86,601	25%
Net exchange variation	(3,703)	6,361	-158%	55,973	7,145	n.a.
<b>Net income before income taxes</b>	<b>47,580</b>	<b>22,889</b>	<b>108%</b>	<b>336,804</b>	<b>167,205</b>	<b>101%</b>
<i>% on revenues</i>	<i>5.5%</i>	<i>3.1%</i>	<i>2.4 p.p.</i>	<i>9.8%</i>	<i>5.4%</i>	<i>4.5 p.p.</i>
Income tax and social contribution	(9,821)	(13,278)	-26%	(116,678)	(77,993)	50%
<b>Net income</b>	<b>37,759</b>	<b>9,611</b>	<b>293%</b>	<b>220,126</b>	<b>89,212</b>	<b>147%</b>
<i>% on revenues</i>	<i>4.3%</i>	<i>1.3%</i>	<i>3.0 p.p.</i>	<i>6.4%</i>	<i>2.9%</i>	<i>3.6 p.p.</i>

## Attachment VI – Balance Sheet

[BRL thousands]	dec/15	dec/14	% Change
<b>Assets</b>	<b>5,751,180</b>	<b>4,962,930</b>	<b>16%</b>
Cash and cash equivalents	1,524,622	1,336,916	14%
Derivatives	-	-	n.a.
Accounts receivables	542,099	423,815	28%
Inventories	388,248	379,221	2%
Third-party tools	160,294	121,849	32%
Recoverable income tax and social contribution assets	15,105	81,356	-81%
Other recoverable tax assets	82,890	56,916	46%
Assets held for sale	-	-	n.a.
Notes and other receivables	28,055	35,007	-20%
<b>Current assets</b>	<b>2,741,313</b>	<b>2,435,080</b>	<b>13%</b>
Financial investments	11,484	10,365	11%
Recoverable income tax and social contribution assets	93,829	-	n.a.
Other recoverable tax assets	162,778	124,651	31%
Deferred income tax and social contribution	18,715	-	n.a.
Eletrobrás credits	102,170	99,327	3%
Legal deposits and other	45,202	39,914	13%
Equity investments	6,656	4,526	47%
Investment properties	6,544	6,544	0%
PP&E	1,921,632	1,728,694	11%
Intangible assets	640,857	513,829	25%
<b>Long-term assets</b>	<b>3,009,867</b>	<b>2,527,850</b>	<b>19%</b>
<b>Liabilities</b>	<b>3,341,515</b>	<b>2,930,556</b>	<b>14%</b>
Accounts payables	295,080	256,057	15%
Loans	485,101	425,420	14%
Derivatives	-	3,139	-100%
Debentures	-	-	n.a.
Financing of taxes and social security charges	-	-	n.a.
Income tax and social contributions payable	56,542	14,441	292%
Other taxes payable	32,538	39,314	-17%
Payroll, related charges and profit sharing program	121,429	116,610	4%
Unearned revenues	130,891	95,949	36%
Related parties	-	-	n.a.
Dividends and interest on shareholders's equity	158	139	14%
Provision for tax, civil, social security and labor contingencies	11,487	10,025	15%
Notes and others payable	76,179	55,535	37%
<b>Current liabilities</b>	<b>1,209,405</b>	<b>1,016,629</b>	<b>19%</b>
Loans	2,013,145	1,706,082	18%
Derivatives	-	-	n.a.
Debentures	-	-	n.a.
Financing of taxes and social security charges	-	-	n.a.
Provision for tax, civil, social security and labor contingencies	79,693	75,662	5%
Deferred income tax and social contribution	-	99,060	-100%
Retirement benefit obligations	32,680	21,367	53%
Other long-term liabilities	6,592	11,756	-44%
<b>Long-term liabilities</b>	<b>2,132,110</b>	<b>1,913,927</b>	<b>11%</b>
<b>Equity</b>	<b>2,409,665</b>	<b>2,032,374</b>	<b>19%</b>
Paid in capital	1,060,301	1,060,301	0%
Expenses with issue of shares	(6,541)	(6,541)	0%
Stock option plan	3,745	1,196	213%
Equity valuation adjustments	618,761	373,176	66%
Profit reserves	733,399	604,242	21%
Retained Earnings	-	-	n.a.

## Attachment VII – Cash Flow Statement

[BRL thousands]	4Q15	4Q14	% Change	2015	2014	% Change
<b>Cash flow from operating activities</b>	<b>214,079</b>	<b>102,319</b>	<b>109%</b>	<b>490,825</b>	<b>300,500</b>	<b>63%</b>
<b>Net income before income taxes</b>	<b>47,580</b>	<b>22,889</b>	<b>108%</b>	<b>336,804</b>	<b>167,205</b>	<b>101%</b>
<b>Adjustments to reconcile net income to cash flow from operating activities</b>						
D&A	76,456	131,624	-42%	275,980	298,141	-7%
Share of profit of equity-accounted investments	-	-	n.a.	-	-	n.a.
Forest depletion	-	-	n.a.	-	-	n.a.
Loss on sale of other investments	-	-	n.a.	-	-	n.a.
Disposal of property, plant and equipment	(3,065)	7,539	-141%	(3,357)	10,584	-132%
Interest and exchange variations	48,608	25,473	91%	95,524	113,961	-16%
Provision for impairment of trade receivables	1,024	453	126%	1,065	-	n.a.
Provision for inventory losses	7,339	1,636	349%	6,826	1,531	346%
Provision for tax, civil, social security and labor contingencies	2,458	(20,538)	-112%	26,115	(424)	-6259%
Adhesion to REFIS	-	-	n.a.	-	-	n.a.
Stock option	771	1,196	-36%	2,549	1,196	113%
Provision for a portion of IPI credit premium	1,249	16,482	-92%	8,887	15,288	-42%
Variation of Eletrobrás credit fair value	(107)	(734)	-85%	(2,986)	(5,463)	-45%
<b>Changes in operating assets and liabilities</b>						
Trade receivables	57,283	70,129	-18%	(6,054)	(11,887)	-49%
Inventories	58,555	(26,115)	-324%	24,314	(86,686)	-128%
Third-party tools	(10,170)	(16,192)	-37%	(5,909)	(33,862)	-83%
Other taxes recoverable	(8,676)	(25,586)	-66%	(77,084)	(33,352)	131%
Notes and others receivable	(1,498)	2,207	-168%	6,831	(4,569)	-250%
Legal deposits and other	(990)	(943)	5%	(5,288)	(19,586)	-73%
Trade payables	(6,627)	(43,464)	-85%	3,189	(12,217)	-126%
Other taxes payable	(3,019)	2,711	-211%	(20,900)	6,587	-417%
Payroll, related charges and profit sharing program	(11,224)	(27,838)	-60%	(3,727)	(9,153)	-59%
Advances from clients	(14,454)	6,583	-320%	13,972	15,727	-11%
Notes and other payable	11,166	3,434	225%	9,853	(3,151)	-413%
Retirement benefit obligations	1,096	3,907	-72%	21,514	7,188	199%
Other long term liabilities	(11,664)	(10,229)	14%	(25,786)	(17,775)	45%
Interest paid	(18,635)	(22,305)	-16%	(139,530)	(97,616)	43%
Income tax and social contribution paid	(9,377)	-	n.a.	(51,977)	(1,167)	4354%
<b>Cash flow from investing activities</b>	<b>(42,202)</b>	<b>(45,830)</b>	<b>-8%</b>	<b>(158,542)</b>	<b>(210,109)</b>	<b>-25%</b>
Investment increase	-	-	n.a.	-	-	n.a.
Acquisition of mexican subsidiaries - net of acquired cash	-	-	n.a.	-	-	n.a.
Capital increase of mexican subsidiaries	-	-	n.a.	-	-	n.a.
Purchase of property, plant and equipment, and intangible increase	(37,498)	(46,340)	-19%	(162,531)	(211,112)	-23%
Sale of other investments	-	-	n.a.	-	-	n.a.
Disposal of property, plant and equipment	(4,704)	510	-1022%	3,989	1,003	298%
Investments financed by clients	-	-	n.a.	-	-	n.a.
<b>Cash flow from financing activities</b>	<b>72,969</b>	<b>(81,783)</b>	<b>-189%</b>	<b>(338,216)</b>	<b>96,598</b>	<b>-450%</b>
Loan paydown	(224,699)	(71,426)	215%	(547,398)	(758,364)	-28%
Debentures paydown	-	-	n.a.	-	-	n.a.
Amortization of tax financing	-	(9,966)	-100%	-	(10,468)	-100%
New loans	297,667	25,000	1091%	316,173	910,179	-65%
Subsidiaries and affiliates	-	-	n.a.	-	-	n.a.
Collection of a portion of Eletrobrás credits	-	-	n.a.	-	-	n.a.
Increase in capital, net of share issue expenses	-	-	n.a.	-	-	n.a.
Dividends and interest on shareholder's equity paid	1	(25,391)	-100%	(106,991)	(50,399)	112%
Long term financial investments	-	-	n.a.	-	5,650	-100%
Effect of exchange rate changes on cash and cash equivalents	(24,485)	26,655	-192%	193,639	26,481	631%
<b>Increase (decrease) of cash and cash equivalents</b>	<b>220,361</b>	<b>1,361</b>	<b>16091%</b>	<b>187,706</b>	<b>213,470</b>	<b>-12%</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>1,304,261</b>	<b>1,335,555</b>	<b>-2%</b>	<b>1,336,916</b>	<b>1,123,446</b>	<b>19%</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>1,524,622</b>	<b>1,336,916</b>	<b>14%</b>	<b>1,524,622</b>	<b>1,336,916</b>	<b>14%</b>